

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

North Creek Crossings at Meriam Park (Phase 2), located at Notre Dame Boulevard between Humboldt Road and Little Chico Creek in Chico, requested and is being recommended for a reservation of \$2,615,963 in annual federal tax credits to finance the new construction of 53 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Central California Housing Corporation and will be located in Senate District 4 and Assembly District 3.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-121

Project Name North Creek Crossings at Meriam Park (Phase 2)
Site Address: Notre Dame Boulevard, south of Humboldt Road and north of Little Chico Creek
Chico, CA 95928 County: Butte
Census Tract: 9.030

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$2,615,963	\$0
Recommended:	\$2,615,963	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Central California Housing Corporation
Contact: Laurie Doyle
Address: 3128 Willow Avenue, Suite 101
Clovis, CA 93612
Phone: (559) 292-3385
Email: Ldoyle@ahdcinc.com

General Partner(s) / Principal Owner(s): Central California Housing Corporation
Butte County Affordable Housing Development Corporation

General Partner Type: Joint Venture

Parent Company(ies): Central California Housing Corporation
Housing Authority of the County of Butte

Developer: Central California Housing Corporation

Investor/Consultant: R4 Capital LLC

Management Agent(s): WinnResidential

Project Information

Construction Type: New Construction

Total # Residential Buildings: 7

Total # of Units: 54

No. & % of Tax Credit Units: 53 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HOME/HUD Section 8 Project-based Vouchers (13 units - 25%)

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Northern Region
TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 13	20%
At or Below 40% AMI: 13	20%
At or Below 50% AMI: 15	25%
At or Below 60% AMI: 12	20%

Unit Mix

13 1-Bedroom Units
24 2-Bedroom Units
<u>17 3-Bedroom Units</u>
54 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 1 Bedroom	30%	\$392
6 2 Bedrooms	30%	\$471
3 3 Bedrooms	30%	\$543
4 1 Bedroom	40%	\$523
7 2 Bedrooms	40%	\$628
2 3 Bedrooms	40%	\$725
3 1 Bedroom	50%	\$653
6 2 Bedrooms	50%	\$785
6 3 Bedrooms	50%	\$906
2 1 Bedroom	60%	\$784
5 2 Bedrooms	60%	\$942
5 3 Bedrooms	60%	\$1,087
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$867,548
Construction Costs	\$18,045,231
Rehabilitation Costs	\$0
Construction Contingency	\$1,002,262
Relocation	\$0
Architectural/Engineering	\$696,750
Const. Interest, Perm. Financing	\$2,434,840
Legal Fees	\$310,000
Reserves	\$251,152
Other Costs	\$2,065,989
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$27,873,772

Residential

Construction Cost Per Square Foot:	\$300
Per Unit Cost:	\$516,181
True Cash Per Unit Cost*:	\$509,178

Construction Financing

Source	Amount
Wells Fargo Construction	\$23,500,000
City of Chico AHF	\$330,000
City of Chico HOME	\$671,523
Deferred Costs	\$1,044,042
Tax Credit Equity	\$2,328,207

Permanent Financing

Source	Amount
Berkadia	\$3,212,000
City of Chico AHF	\$330,000
City of Chico HOME	\$671,523
Deferred Developer Fee	\$378,177
Tax Credit Equity	\$23,282,072
TOTAL	\$27,873,772

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$22,358,663
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$29,066,262
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,615,963
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.89000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Disaster Credit Tie Breaker Information

First:	No
Second:	No
Third:	\$39,044.22

Significant Information / Additional Conditions

Development costs are roughly \$509,178 per unit. The factors affecting this cost include costs to incorporate stormwater-mitigating bioswales, tuck-under parking, and energy efficiency features.

Projects with funding and/or subsidy(ies) from HUD are required to use Utility Allowances(UAs) approved by HUD. The applicant has proposed to use the Utility Allowances approved by the Public Housing Authority for the 13 units with Project-based Vouchers and the CUAC for all remaining units.

The applicant's estimate for annual operating expenses per unit is below the \$4,800 published per unit operating expense minimum required for this type of project. Under regulation section 10327(g) operating expenses below the published minimum may be corrected. At the submission of the next updated TCAC application required by TCAC, and all subsequent submissions to TCAC, the applicant must meet the requirement of regulation section

This project is Phase 2 of North Creek Crossings at Meriam Park (CA-20-139). Phase 2 will share community facilities and services with the Phase 1 project. Both phases are under the same control of Central California Housing Corporation & Butte County Affordable Housing Development Corporation, and prior to the start of construction, all necessary agreements shall be in place to ensure that Phase 2 has access to both the required space and the services free of charge. The Joint Use Agreement shall be provided in the placed in service submission.

The project's pro forma shows cash flow after debt service below limits established by TCAC Regulations. Pursuant to TCAC Regulations 10327(g), the deficit of cash flow is within the \$25,000 limit allowed by Committee. The applicant must correct the cash flow shortage in the readiness submission.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Chico , has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	4
Within ½ mile of a public middle school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within 1 mile of a pharmacy	1	1	1
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3	3
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.